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BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF UTAH

COMPLAINANT:

UTAH INSURANCE DEPARTMENT

**STIPULATION
&
ORDER**

RESPONDENTS:

Docket No. 2004-331-LF

AFFILIATED MORTGAGE PROTECTION, LLC :

1620 Rt. 22 East :

Union, NJ 07083 :

and :

292 Terminal Ave. :

Clark, NJ 07066 :

License No. 103961 :

THOMAS A. LISCIO :

81 Point View Parkway :

Wayne, NJ 07470 :

License No. 134568 :

RANDALL W. LIPSETT :

6863 W. Aztec Ct. :

Sedalia, CO 80111 :

License No. 192742 :

Enf. Case No. 1255

STIPULATION

1. Respondent, Affiliated Mortgage Protection, LLC ("AMP"), is an insurance agency located in the State of New Jersey and became licensed in the State of Utah on April 30, 2004. Respondent Thomas A. Liscio ("Liscio") is an insurance agent residing in the State of New Jersey holding a Utah non-resident license, License No. 134568, and is Vice President of

Respondent AMP. Respondent Randall W. Lipsett ("Lipsett"), is an insurance agent residing in the State of Colorado, holding a Utah non-resident license, License No. 192742, and is a Regional Manager for Respondent AMP.

2. Respondents stipulate with the Complainant, Utah Insurance Department, as follows:

- a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
- b. Respondents admit the Findings of Fact and Conclusions made therefrom;
- c. Respondents stipulate to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondents and Complainant have negotiated the terms of the Order entered herein and Respondents agree to its entry and further agree to be bound by all its terms.


3. Respondents are aware of their right to a hearing at which they may be represented by counsel, present evidence and cross-examine witnesses. Respondents have irrevocably waived their right to such hearing and to any appeal related thereto.

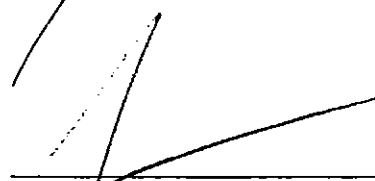
4. Respondents admit the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondents are acting herein free from any duress or coercion of any kind or nature, having been advised fully as to their rights set forth herein.

6. Respondents acknowledge that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 6th day of May, 2004.


M. Gale Lemmon
Assistant Attorney General
for Complainant
UTAH INSURANCE DEPARTMENT


Nick Pearson, Esq.
Edwards & Angell, LLP
for Respondents
AFFILIATED MORTGAGE PROTECTION, LLC,
THOMAS A. LISCIO, and
RANDALL W. LIPSETT

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

FINDINGS OF FACT

1. During at least the period of January 2000 through January 2004, Respondent AMP marketed insurance to residents of the State of Utah, without being licensed to do so. Much of the marketing was done by and through AMP's agent, Lipsett, acting as AMP's regional manager for Utah. Liscio, as a non-resident agent acting for AMP, also did some of the marketing.

2. In marketing insurance to residents of the State of Utah, Respondent AMP sent solicitation letters containing false or misleading information. Said false or misleading information included: (1) stating that the policy "pays off your . . . loan in the event of your death," when the policy was not a credit insurance policy, but a life policy that would have paid the death benefit to the insured's beneficiary or estate; (2) stating that there was a "money back option" that "returns all of your premiums if benefits are not used," when that option was not available in the State of Utah; and (3) giving a false Utah license number for AMP.

3. During the investigation of this matter Respondents provided inaccurate information to the commissioner by representing on April 2, 2003, that they would "cease solicitations in Utah until it [AMP] obtains . . . a license," while Respondent AMP continued to solicit insurance sales in the State of Utah without being licensed at least through January 2004.

4. In his capacity as the regional manager for Utah of AMP, Respondent Lipsett sent recruiting letters to agents in the State of Utah containing false or misleading information regarding an insurance policy by stating that the AMP's agents were successful because they could offer a product with a return of premium provision, when such was not available in the State of Utah. Respondent Lipsett's recruiting letters contained other false and misleading

information, including that AMP issues "over 85% of all premium written nationwide," and that they are doing business in over 40 states, which implies that they are doing so legally when they were only licensed in approximately 18 states at the time, and licensing would be required in additional states.

5. Respondent Liscio allowed his Utah license to be used by Respondent AMP to receive override commissions on insurance sold to residents of the State of Utah. During the period of time at issue herein, Respondent AMP received commissions on business written on residents of the State of Utah in an amount of \$150,218.62.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

CONCLUSIONS OF LAW

1. In marketing insurance to residents of the State of Utah without being licensed to do so, Respondents violated Utah Code Ann. §§ 31A-23a-103 and 31A-23a-301.

2. In using solicitation materials that contained false or misleading information regarding insurance policies, Respondents violated Utah Code Ann. § 31A-23a-402(1)(a)(i) and Utah Admin. Code Rule R590-130-6.A and B.

3. In providing inaccurate information to the commissioner, Respondents violated Utah Code Ann. 31A-2-202(6).

4. In providing inaccurate information in his recruiting letters to agents in the State of Utah, Respondent Lipsett violated Utah Code Ann. § 31A-23a-402(1)(a)(i).

5. In allowing Respondent AMP to utilize his license to receive override commissions on business placed in the State of Utah when AMP was not licensed, Respondent Liscio violated Utah Code Ann. § 31A-23a-504(1)(a).

6. In receiving override commissions on business placed in the State of Utah when not licensed as an agency, Respondent AMP violated Utah Code Ann. § 31A-23a-504(1)(b).

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

ORDER

IT IS HEREBY ORDERED:

1. Respondent AMP is assessed an administrative forfeiture in the amount of \$20,000.00 to be paid within 30 days of the date of this Order.

3. Respondents Liscio and Lipsett are assessed a forfeiture in the amount of \$2,500.00 each which shall be paid within 30 days of the date of this Order.

4. Respondents Liscio's and Lipsett's Utah insurance agent licenses are placed on probation for a period of twelve (12) months beginning with the date of this Order. The terms of probation are that Respondents shall pay the administrative forfeiture assessed herein in a timely manner and shall have no further violations of the Utah Insurance Code or Rules or of any order of the commissioner.

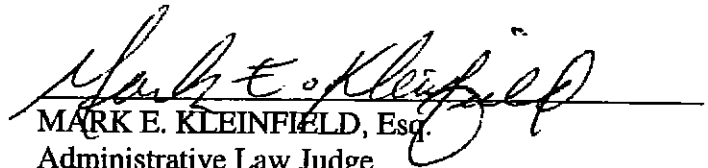
5. Respondent AMP's license is placed on probation for a period of twenty-four (24) months beginning with the date of this Order. The terms of probation are: (1) Respondent AMP shall pay the forfeiture assessed herein in a timely manner; (2) Respondent AMP shall have no further violations of the Utah Insurance Code or Rules or of any order of the commissioner; and (3) Respondent AMP shall submit all solicitation and advertising materials to be used in the State of Utah, including agent recruiting materials within 10 days of the date of this Order. Thereafter, Respondent AMP shall submit all solicitation and advertising materials used during the previous quarter on a quarterly basis for the duration of probation. All said materials shall be in compliance with all requirements of the Utah Insurance Code and Rules.

NOTIFICATION

Respondents are hereby notified that failure to abide by the terms of this Order may subject them to further penalties, including additional forfeitures of up to \$5,000.00 per violation for the agency and of up to \$2,500.00 per violation for individual licensees, and the suspension or revocation of their licenses, and the filing of an action to enforce this Order in the District Court which may impose penalties of up to \$10,000.00 per day for continued violation.

DATED this 6th day of May, 2004.

MERWIN U. STEWART, Commissioner
UTAH DEPARTMENT OF INSURANCE

A handwritten signature in cursive script, appearing to read "Mark E. Kleinfeld", is written over a horizontal line.

MARK E. KLEINFELD, Esq.
Administrative Law Judge
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Salt Lake City, Utah 84114
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